

## **Mexico Resort Real Estate Update .....**

### **From the Settlement Company®**

Welcome to our Third Quarter, 2010 Newsletter. While putting this edition together, it is impossible not to think about the future of the Mexican real estate industry. What will the high season bring to the tourist zones that have been hit so hard by the global economic crises? I am afraid the answer is beyond my ability to predict. We can only watch the economic indicators and observe the future unfold. According to the National Association of Realtors®, home sales in the United States during August were up providing a source for hope. The Mexican Association of Real Estate Professionals (AMPI) recently presented a full day Symposium on the subject of market recovery and how to .profit from it.

### **Shipping Activity Up at Major Mexican Port:**

The Port of Lazaro Cardenas, Michoacan is closer to the U.S. Eastern Seaboard, than either Long Beach or Los Angeles. Lazaro Cardenas has become the gateway to Mexico and other parts of North America. for goods coming from the Asia. It is a deep water port served by rail and a modern highway (thruway). Kansas City Southern Railway has made substantial investments in the port and infrastructure on both sides of the Mexican – U.S. border during the past five years. The port has become number one in Mexico with 26% of national shipping traffic. Shipments have increased by 49% in the First Quarter of 2010 versus the same period one year ago. Over 14.6 million tons moved in and out of the port versus 9.8 million in 2009. In the first quarter of 2010 the number of ships arriving at the port increased by 29 %. The number arriving was 761 up from 651 a year ago. International ships represented 86 percent of the movement with 14 percent being coastal shipments. The port currently has a customs processing system capable of handling the increased traffic. In anticipation of further growth, in 2011 a new customs station, featuring the latest in high technology will be opened at the port.

### **Invest in Mexico... Advice of a Business Guru:**

Jim Cramer, the bombastic, high-energy investment Guru and host of CNBC's massively successful show "Mad Money", gave Mexico real estate investment\_a big boost. Cramer told his audience: "It's not such a bad idea to diversify away from stocks, I think that out of favor real estate in Mexico, that's easily accessible to Americans, represents a great buy"

With as many as 2.5 million investors viewing the show each week, the controversial host wields quite a bit of influence among his viewership and in the marketplace as a whole. His following is so intense that it has created a unique phenomenon in the stock market known as the "Cramer Bounce", which can be best described "*as the sudden*

*overnight appreciation of a stock's price after it has been recommended by Jim Cramer on his CNBC show", "Mad Money".*

Why does Cramer have such clout? Well, after graduating magna cum laude from Harvard College, his first year as a rookie broker with Goldman Sachs, he made over \$700,000. After he paid his dues at Goldman, Cramer started his own \$450 million hedge fund where he earned 24% after fees, regularly taking home over \$10 million a year. Cramer's fund finished up 36% in 2001, compared to -11% for the S&P 500 average and he walked away with \$100 million and change.

Since then, he founded TheStreet.com, has written five *New York Times* best selling books and his articles are featured in Time and New York Magazines. He also a frequent guest on *Meet the Press*, *Today Show*, *60 Minutes*, *NBC's Nightly News*, the *Tonight Show* and most major financial networks.

Following his own advice, Cramer recently announced to his audience that he had already purchased three properties in Mexico within the last few weeks. When asked about hyped headlines about drug violence and turmoil in Mexico, Cramer downplayed those fears, he said, "*Mexico is a big country and not every province, every state is involved in the drug trade*", and he added, "*it has to be one of the nicest places I've ever been.*"

When asked why he invested money in Mexico real estate, he replied, There is "no property tax," the properties are "incredibly easy to maintain," and there are "property managers everywhere."

**ERRATA:** The statement about property taxes is not correct. BUT, they are substantially lower when compared to countries such as the U.S. and Canada

### **Major Real Estate Meetings Coming Up:**

Both the Mexican Association of Real Estate Professionals (AMPI) and the National Association of Realtors® (NAR) will be having educational events, in the middle of the fourth quarter of 2010.

The National Association of Realtors will meet in New Orleans November 5-8th. A wide variety of educational vents will be included along with a major Trade Show. . Those attending will have an opportunity to hear a delightful and motivating keynote presentation by **Regis Philbin**, the cultural icon and energetic host of "Live with Regis and Kelly." Philbin first stepped in front of the camera 40 years ago. He now holds the Guinness World Record for Most Hours on Camera and received a Lifetime Achievement Award from the National Academy of Television Arts and Sciences at the 2008 Daytime Emmy Awards. New Certified International Property Designees (CIPS) will receive their pins and certificates at a CIPS breakfast. On the social side, there will be a welcoming reception for international delegates and the always popular

International Night Out and Awards ceremony. The legendary musical group, "Earth Wind and Fire" will present a celebrity concert.

The Mexican Association of Real Estate Professionals (AMPI) will hold its Annual Conference and General Meeting in Monterrey, N.L. The dates are November 10th to 14th. There will be a series of classes for those attending. Also several social events, including a program for spouses. A new Vice President and members of the National Advisory Board will be elected. A trip to look at the market in McAllen, Texas, will take place at the conclusion of the conference.. AMPI's Annual General meeting will take place during the Conference.

### **Many Travel to Mexico Despite Media Warnings:**

*(source Ole - puntodigital.com)*

US and Canadian media are having a field day scaring their citizens into avoiding Mexico, despite the fact that the Mexican "Drug War" is a battle fought far from the most popular tourist destinations, like Cabo San Lucas (Los Cabos), Puerto Vallarta (Nuevo Vallarta - Riviera Nayarit), Cancun (Riviera Maya), Playa del Carmen, Cozumel, Huatulco, Guadalajara, Mexico City and others.

Despite this, many Canadians, maybe the most informed part of them are still traveling to Mexico and predictions show that the amount continues to grow.

Already in the first half of the year, there is an 18.2% growth in travel to the region compared to 2009. This is why Mexico predicts that the number of Canadian tourists choosing the country will have a significant increase in 2010 compared to 2009.

This despite the Canadian government advising its citizens to avoid nonessential travel to the United States-Mexico border. It's important to note that the US-Mexico border is thousands of miles from Cancun or Puerto Vallarta, something many tourists tend to overlook.

The Mexican Embassy in Canada indicated that the number of Canadian tourists that traveled to Mexico only in the first half of 2010 was 18.2% higher compared to same period in 2009 and 32% higher than 2008.

This increase is almost double the Canadian tourists in the first half of 2010, compared to that of 2008, totalling 925,401 Canadian citizens this year.

According to numbers provided by the CTPM (the Tourism Promotion Council of Mexico), more than 500,000 Canadian tourists visited Cancun in Quintana Roo in the Gulf of Mexico last June and over 157,000 visited Puerto Vallarta in Jalisco on the Mexican Pacific side and around 75,000 traveled to Mexico City, the capital.

Among the countries with most tourists that travel to Mexico, Canada remains in second

place with 1,222,739 visitors in 2009 – second only to the United States who sent five million 387 thousand 287 visitors, stated the embassy.

## **The Mexico Tourism Board Joins Global Sustainable Tourism Council *Mexico Tourism Board***

New York and Washington – The Mexico Tourism Board announced today it has joined The Global Sustainable Tourism Council (GSTC), an international partnership dedicated to promoting sustainable tourism practices around the world. Founded in partnership by the World Tourism Organization, the United Nations Environment Programme, UN Foundation, Rainforest Alliance, Sabre/Travelocity and others, the GSTC is open to any member of the travel and tourism industries.

“The Mexico Tourism Board has joined the GSTC with a desire to create a common understanding of what sustainable tourism is so that travelers can break through the clutter and make informed decisions,” said Alfonso Sumano, Regional Director for the Americas, Mexico Tourism Board. “With more than 18 million acres of ecological preserves and one of the most diverse natural offerings of any country on the planet, sustainable tourism has long been a priority for Mexico. As part of this global partnership, we’re increasing our dedication to helping make sure businesses thrive and travelers can continue to have special experiences, for generations to come.”

“We are pleased that Mexico Tourism Board is joining in our efforts. The tourism industry is growing and we have a responsibility to that growth is done in a responsible way,” said Erika Harms, Executive Director of the GSTC. “We look forward to working with the Mexico Tourism Board to help implement and explain sustainable tourism so that it becomes as ubiquitous as travel itself.”

### UNESCO Recognition

In recognition of Mexico’s diverse ecological offering, the United Nations Educational, Science and Cultural Organization (UNESCO) recently incorporated three additional Natural Protected Areas in Mexico into its worldwide network of biosphere reserves. The additions include Nahá-Metzabok in Chiapas; Islas Marías, Nayarit, and Los Volcanes (Estados de México, Puebla, Tlaxcala y Morelos) and bring Mexico’s total of protected areas to 40 – third in the world and first in Latin America. The GSTC is made up of members of the tourism and travel industry, including UN agencies, tour operators, travel companies, individual hotels and government tourism councils.

Over the next three years, the GSTC will work with the members in each region to promote sustainable tourism principles, as well as encourage the adoption of the Global Sustainable Tourism Criteria. As part of the initiative, each member is committing to promote the GSTC to its customers, vendors and peers. Sustainability principles refer to the environmental, economic and socio-cultural aspects of tourism development, and a suitable balance must be established between these three dimensions to guarantee

long-term sustainability. For more information about the GSTC, please visit [www.gstcouncil.org](http://www.gstcouncil.org).

The Mexico Tourism Board (MTB) brings together the resources of federal and state governments, municipalities and private companies to promote Mexico's tourism attractions and destinations internationally. Created in 1999, the MTB functions as an executive agency of Mexico's Tourism Secretariat, with autonomous management and the broad participation of the private sector. The MTB has offices throughout North America, Europe, Asia and Latin America.

### **Villa Group plans expansion with luxury resort in Baja California:**

By: Laura Del Rosso

The Villa Group, one of Mexico's largest privately owned hotel groups, is building Villa del Palmar Loreto, a \$60 million luxury resort with 171 villas outside the Baja California town of Loreto.

The hotel, expected to open its first phase in January, 2011, will have rooms with views of the Sea of Cortez, a spa and fitness center, tennis courts, swimming pools, several restaurants and luxury services, according to the company.

Three restaurants will include an oceanfront restaurant, a sushi and seafood venue and an international buffet for breakfast, lunch and dinner.

Villa del Palmar will be the first property in Villa Group's 1,800-acre development named Danzante Bay, which is being built on a five-year timeline. Plans call for seven resort hotels, 240 home sites, additional restaurants and a Rees Jones golf course.

Loreto is about midway down the Sea of Cortez side of the Baja Peninsula, an area long popular with nature lovers and fishermen. Five secluded islands -- Coronado, Del Carmen, Danzante, Montserrat and Santa Catalina --- off Loreto's coast are protected as part of Loreto Bay National Marine Park, home to 900 species of fish.

Danzante Bay is being built about 20 minutes from downtown Loreto and the Loreto airport. The Villa Group already operates a property in the town of Loreto, the Hotel Santa Fe, a 118-room hotel featuring colonial design.

### **A City Within a City:**

A mega project is underway in Morelia, the state capital of Michoacan. According to developer Francisco Medina, the commercial component at Altozana, it will be the largest in Latin America. The commercial area will include a convention center and four hotels, department stores and a modern state of the art health club. Club Altozano. Altozana includes an Olympic size swimming pool. Twenty thousand homes are scheduled to be constructed. More than 3,000 have already been sold. There is an

outdoor theatre seating 10,000 with a view of the city. It will be used for artistic, music and cultural events. Five hundred trees have been planted at the development. Businesses in places such as Mexico City and Guadalajara are being invited to locate their head offices at Altozano. Plans for promotion to the United States and Canada are on hold pending the end of the Global Economic Crisis. Mexico's President, Felipe Calderon inaugurated the mega project on September 29th. While in the city, the Mexican president also participated in events celebrating the 245th Anniversary of the death of Morelos, who was a hero in Mexico's struggle for independence. Morelia has become known as "Latin America's Illuminated City." This is due to the nightly lighting of its XVIth Century buildings such as the majestic cathedral and its many historic monuments.

### **Settlement Company Team on the Road:**

The Settlement Company® team was on the road early, in the third quarter of 2010. Off to Zihuatanejo were Linda Neil, lead attorney, Claudia Mendez from La Paz and Alicia Parra, Executive Closing Officer from San Jose del Cabo. The company is supervising the development of contracts and deeds, as well as the closings (transfers of title) for a Canadian company that is converting one of the city's oldest hotels into condominiums. Sales are reported brisk. Meanwhile John Glaab was off to the nation's capital. He attended the first "Mixer" of MRE- Mexico Real Estate, a social networking blog. The group met for cocktails and toured a home that belonged to a well known Mexican corporate attorney, now deceased. The seven bedroom, five car garage, home with two offices a large garden and a swimming pool is located in the Jardines de Pedregal section of D.F. The selling price is \$ 1 million. John told us, "It is a steal at that price." .

### **Existing-home sales rose in August, according to the National Association of Realtors® (NAR):**

Existing-home sales, which are completed transactions that include single-family, townhomes, condominiums and co-ops, increased 7.6 percent to a seasonally adjusted annual rate of 4.13 million in August from an upwardly revised 3.84 million in July, but remain 19.0 percent below the 5.10 million-unit pace in August 2009.

Lawrence Yun, NAR chief economist, said home sales still remain subpar. "The housing market is trying to recover on its own power without the home buyer tax credit. Despite very attractive affordability conditions, a housing market recovery will likely be slow and gradual because of lingering economic uncertainty," Yun said.

Yun added, "Home values have shown stabilizing trends over the past year, even as the economy shed millions of jobs, because of the home buyer tax credit stimulus. Now that

the economy is adding some jobs, the housing market needs to steadily improve and eventually stand on its own.”

NAR President, Vicki Cox Golder, owner of Vicki L. Cox & Associates in Tucson, Ariz., said consumers have been getting mixed signals about the housing market. “People understand the good affordability conditions with stable home prices in most areas, but they’re concerned about the economy and speculation on Wall Street,” she said. “We need to stick with the facts about the long-term value of homeownership and avoid unrealistic assessments. Tight credit and slow short sales are ongoing problems – expediting short sales will help the market to recover more quickly.”

Total housing inventory at the end of August slipped 0.6 percent to 3.98 million existing homes available for sale, which represents an 11.6-month supply<sup>4</sup> at the current sales pace, down from a 12.5-month supply in July.

Existing-home sales for September will be released October 25. The next Pending Home Sales Index is scheduled for October 4; release times are 10 a.m. EDT.

**#####**

**For Further Information contact:**

**John K. Glaab, CIPS,**

**Editor**

**[john.glaab@settlement-co.com](mailto:john.glaab@settlement-co.com)**

**01-800-627-5130, ext. #106 (Mexico)**

**1 877 214 4950 EXT # 106 (US)**

**011-52-612-123-5056. ext- 106 (Canada)**

**Please visit our web site at: [www.settlement-co.com](http://www.settlement-co.com)**